

Appendix J: Cost Neutrality Demonstration

Appendix J-1: Composite Overview and Demonstration of Cost-Neutrality Formula

Composite Overview. Complete the fields in Cols. 3, 5 and 6 in the following table for each waiver year. The fields in Cols. 4, 7 and 8 are auto-calculated based on entries in Cols 3, 5, and 6. The fields in Col. 2 are auto-calculated using the Factor D data from the J-2d Estimate of Factor D tables. Col. 2 fields will be populated ONLY when the Estimate of Factor D tables in J-2d have been completed.

Level(s) of Care (<i>specify</i>):			ICF/IID				
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
Year	Factor D	Factor D'	Total: D+D'	Factor G	Factor G'	Total: G+G'	Difference (Column 7 less Column 4)
1	24,868.54	10,398.68	35,267.22	250,663.37	5,413.87	256,077.24	220,810.02
2	24,511.15	10,762.63	35,273.78	259,436.59	5,603.35	265,039.94	229,766.17
3	24,382.30	11,139.32	35,521.62	268,516.87	5,799.47	274,316.34	238,794.72
4	24,493.37	11,529.20	36,022.56	277,914.96	6,002.45	283,917.41	247,894.85
5	24,710.21	11,932.72	36,642.93	287,641.98	6,212.54	293,854.52	257,211.59

Appendix J-2: Derivation of Estimates

- a. **Number Of Unduplicated Participants Served.** Enter the total number of unduplicated participants from Item B-3-a who will be served each year that the waiver is in operation. When the waiver serves individuals under more than one level of care, specify the number of unduplicated participants for each level of care:

Table J-2-a: Unduplicated Participants	
Waiver Year	Total Unduplicated Number of Participants (from Item B-3-a)
Year 1	400
Year 2	450

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Year 3	500
Year 4	550
Year 5	600

- b. **Average Length of Stay.** Describe the basis of the estimate of the average length of stay on the waiver by participants in Item J-2-a.

The average length of stay for all waiver years is 354 days. This is based on the average length of stay reported on the CMS 372(S) for the Community Pathways Waiver for fiscal year 2015.

- c. **Derivation of Estimates for Each Factor.** Provide a narrative description for the derivation of the estimates of the following factors.

- i. **Factor D Derivation.** The estimates of Factor D for each waiver year are located in Item J-2-d. The basis for these estimates is as follows:

The number of unduplicated recipients has been estimated as follows:

The estimated users of Assistive Technology and Services, Behavioral Support Services, Community Development Services, Employment Discovery & Customization, Medical Day Care, Environmental Assessments, Environmental Modifications, Support Brokers, and Vehicle Modifications are based on the actual percentage of users vs. total unduplicated recipients of those services in the Community Pathways Waiver from CMS 372(S) FY15. Users of Assistive Technology and Services, Community Development Services, Employment Discovery & Customization, Environmental Assessments, Environmental Modifications and Vehicle Modifications are estimated to increase by 50% in Waiver Years 2-5. Behavioral Supports services users are estimated to increase by 5% in Waiver Years 2-5. Users of Support Brokers are estimated to increase by 15% in Waiver Years 2-5.

Day Habilitation and Supported Employment users of have been estimated at approximately 25% of total number of waiver users as estimated in Appendix B-3 for Waiver Year 1, Day Habilitation users are estimated to increase by the compound annual growth rate of 3.42% for Waiver Years 2-5. Supported Employment users are estimated to increase by the compound annual growth rate of 1% in Waiver Years 2-5.

Family and Peer Mentoring Supports users have been estimated at approximately 25% of total number of waiver users as estimated in Appendix B-3 for Waiver Year 1 and estimated to increase by 3% in Waiver Years 2-5.

Family Caregiver Training and Empowerment Services and Participant Education, Training and Advocacy Supports users have been estimated at approximately 10% of the total number of waiver users as estimated in Appendix B-3 for Waiver Year 1 and estimated to increase by 3% in Waiver Years 2-5.

The estimated users of Individual and Family Directed Goods and Services are based on utilization of service in FY16 as there is no historic data from the CMS 372. Users are estimated to increase by 50% in Waiver Years 2-5.

Personal Supports users have been estimated at approximately 80% of the total number of waiver users as estimated in Appendix B-3 in Waiver Years 1-5.

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Respite Care Services and Transportation users have been estimated at approximately 10% of total number of waiver users as estimated in Appendix B-3 for Waiver Years 1-5.

Transitional Employment Services users have been estimated at approximately 1% of the total number of waiver users as estimated in Appendix B-3 for Waiver Year 1 and estimated to increase by 50% in Waiver Years 2-5.

The Average Units per User for Waiver Years 1-5 are based on historic utilization of services in the Community Pathways Waiver from CMS 372(S) data FY13-15 for all services except: Family Caregiver Training and Empowerment Services, Family and Peer Mentoring Supports, Participant Education, Training and Advocacy Supports. These services are new therefore the estimates are based on best practices and similar services in Arizona's Raising Special Kids program. Additionally, Individual and Family Directed Goods and Services units per user are based on FY16 utilization as there is no historic data from the CMS 372 and Transitional Employment Services is new service based on Supported Employment service utilization

The Average Cost per Unit per waiver year is based on DDA's average costs and limits for services from the Community Pathways Waiver CMS 372(S) FY13-15 and increased each waiver year for a 2% cost-of-living adjustment for all services except: Assistive Technology and Services, Behavioral Supports, Environmental Assessment, Environmental Modifications, Individual and Family Directed Goods and Services, Vehicle Modifications, and Transportation. Environmental Assessment unit cost is based on the rate for Maryland's Community Options Waiver and increased by 2% each waiver year. Also, Individual and Family Directed Goods and Services is based on FY16 costs for Waiver Years 1-5 as there is no historic data for this service from the CMS 372.

The average Cost per Unit for Family Caregiver Training and Empowerment Services, Family and Peer Mentoring Supports, and Participant Education, Training and Advocacy Supports is based on similar services in Arizona's Raising Special Kids program but applying Maryland cost values to derive the rates for Waiver Year 1. The Maryland cost values were provided by Johnston, Villegas-Grubbs and Associates, LLC, the rate setting vendor. The unit cost is estimated to increase by 2% in Waiver Years 2-5.

- ii. **Factor D' Derivation.** The estimates of Factor D' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

The estimated annual average per capita Medicaid costs are based on actual costs from the FY15 CMS 372(S) for the Community Pathways Waiver and predicted to increase by 3.5% annually, based on the annual increase in medical care costs from the Consumer Price Index, Washington-Baltimore-May 2017.

- iii. **Factor G Derivation.** The estimates of Factor G for each waiver year are included in Item J-1. The basis of these estimates is as follows:

The estimated annual average institutional costs that would be incurred for individuals served in the Waiver, were the waiver not granted, are based on actual data from the Community Pathways Waiver CMS 372(S) FY15 report. The costs are predicted to increase by 3.5% annually, based on the annual increase in medical care costs from the Consumer Price Index, Washington-Baltimore-May 2017.

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- iv. Factor G' Derivation.** The estimates of Factor G' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

The estimated annual average per capita Medicaid costs for all other services other than those included in factor G for individuals served in the Waiver, were the waiver not granted, are based on actual data from the Community Pathways Waiver CMS 372(S) FY15 report. The costs are predicted to increase by 3.5% annually, based on the annual increase in medical care costs from the Consumer Price Index, Washington-Baltimore-May 2017.

Component management for waiver services. If the service(s) below includes two or more discrete services that are reimbursed separately, or is a bundled service, each component of the service must be listed. Select “*manage components*” to add these components.

Waiver Services	
Assistive Technology and Services	
Behavioral Support Services	Assessment, Consultation, Brief Support Implementation
Community Development Services	
Day Habilitation Services	
Employment Discovery & Customization	
Environmental Assessment	
Environmental Modifications	
Family & Peer Mentoring Supports	
Family Caregiver Training & Empowerment Services	
Individual & Family Directed Goods and Services	
Medical Day Care	
Participant Education, Training, & Advocacy Supports	
Personal Supports	
Respite Care Service	Daily, Hourly
Support Broker Services	
Supported Employment	
Transitional Employment Services	
Transportation	
Vehicle Modifications	

- d. Estimate of Factor D.** *Select one:* Note: Selection below is new.

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<input checked="" type="radio"/>	The waiver does not operate concurrently with a §1915(b) waiver. Complete Item J-2-d-i
<input type="radio"/>	The waiver operates concurrently with a §1915(b) waiver. Complete Item J-2-d-ii

- i. **Estimate of Factor D – Non-Concurrent Waiver.** Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 1					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/Unit	Total Cost
Assistive Technology and Services	Item	1	1	1,050.36	1,050.36
Behavioral Supports:					115,900.00
<i>Assessment</i>	Assessment	11	1	1,200.00	13,200.00
<i>Consultation</i>	30 minutes	40	26	75.00	78,000.00
<i>Brief Supports Implementation</i>	30 minutes	26	19	50.00	24,700.00
Community Development Services	Day	3	150	98.73	44,428.50
Day Habilitation Services	Day	100	212	98.73	2,093,076.00
Employment Discovery & Customization	Day	1	10	98.73	987.30
Environmental Assessment	Assessment	1	1	419.97	419.97
Environmental Modifications	Item	1	1	6,543.94	6,543.94
Family Caregiver Training & Empowerment Services	Hour	40	1	575.00	23,000.00
Family & Peer Mentoring Supports	Hour	100	5	57.54	28,770.00
Individual & Family Directed Goods and Services	Items & Services	3	4	100.00	1,200.00
Medical Day Care	Day	20	176	77.70	273,504.00
Participant Education, Training, & Advocacy Supports	Training	40	1	575.00	23,000.00
Personal Supports	15 minutes	320	2080	7.83	5,211,648.00
Respite Care Services:					221,953.60

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Waiver Year: Year 1					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
<i>Hourly</i>	Hour	40	88	31.53	110,985.60
<i>Daily</i>	Day	40	11	252.20	110,968.00
Support Broker Services	Hour	8	104	46.52	38,704.64
Supported Employment	Day	100	212	80.17	1,699,604.00
Transitional Employment Services	Day	4	212	80.17	67,984.16
Transportation	Trip	40	208	10.00	83,200.00
Vehicle Modifications	Item	14	1	12,442.00	12,442.00
GRAND TOTAL:					\$9,947,416.48
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)					400
FACTOR D (Divide grand total by number of participants)					\$24,868.54
AVERAGE LENGTH OF STAY ON THE WAIVER					354

Waiver Year: Year 2					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Assistive Technology and Services	Item	2	1	1,050.36	2,100.73
Behavioral Supports:					122,900.00
<i>Assessment</i>	Assessment	12	1	1,200.00	14,400.00
<i>Consultation</i>	30 minutes	42	26	75.00	81,900.00
<i>Brief Supports Implementation</i>	30 minutes	28	19	50.00	26,600.00
Community Development Services	Day	5	150	100.70	75,525.00
Day Habilitation Services	Day	103	212	100.70	2,198,885.20
Employment Discovery & Customization	Day	2	10	100.70	2,014.00

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Waiver Year: Year 2					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Environmental Assessment	Assessment	2	1	428.37	856.74
Environmental Modifications	Item	2	1	6,543.94	13,087.89
Family Caregiver Training & Empowerment Services	Training	41	1	587.00	24,067.00
Family & Peer Mentoring Supports	Hour	103	5	58.69	30,225.35
Individual & Family Directed Goods and Services	Items & Services	5	4	100.00	2,000.00
Medical Day Care	Day	20	176	79.25	278,960.00
Participant Education, Training, & Advocacy Supports	Training	41	1	587.00	24,067.00
Personal Supports	15 minutes	360	2080	7.99	5,982,912.00
Respite Care Services:					254,647.80
<i>Hourly</i>	Hour	45	88	32.15	127,314.00
<i>Daily</i>	Day	45	11	257.24	127,333.80
Support Broker Services	Hour	9	104	47.45	44,413.20
Supported Employment	Day	101	212	81.77	1,750,859.24
Transitional Employment Services	Day	6	212	81.77	104,011.44
Transportation	Trip	45	208	10.00	93,600.00
Vehicle Modifications	Item	2	1	12,442.00	24,884.00
GRAND TOTAL:					\$11,030,016.58
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)					450
FACTOR D (Divide grand total by number of participants)					\$24,511.15
AVERAGE LENGTH OF STAY ON THE WAIVER					354

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Waiver Year: Year 3					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Assistive Technology and Services	Item	3	1	1,050.36	3,151.09
Behavioral Support Services:					128,950.00
<i>Assessment</i>	Assessment	13	1	1,200.00	15,600.00
<i>Consultation</i>	30 minutes	44	26	75.00	85,800.00
<i>Brief Supports Implementation</i>	30 minutes	29	19	50.00	27,550.00
Community Development Services	Day	7	150	102.71	107,845.50
Day Habilitation Services	Day	107	212	102.71	2,329,873.64
Employment Discovery & Customization	Day	2	10	102.71	2,054.20
Environmental Assessment	Assessment	3	1	436.94	1,310.82
Environmental Modifications	Item	3	1	6,543.94	19,631.83
Family Caregiver Training & Empowerment Services	Training	42	1	599.00	25,158.00
Family & Peer Mentoring Supports	Hour	106	5	59.86	31,725.80
Individual & Family Directed Goods and Services	Items & Services	8	4	100.00	2,800.00
Medical Day Care	Day	20	176	80.84	284,556.80
Participant Education, Training, & Advocacy Supports	Training	42	1	599.00	25,158.00
Personal Supports	15 minutes	400	2080	8.15	6,780,800.00
Respite Care Services:					288,634.50
<i>Hourly</i>	Hour	50	88	32.80	144,320.00
<i>Daily</i>	Day	50	11	262.39	144,314.50
Support Broker Services	Hour	11	104	48.40	55,369.60
Supported Employment	Day	102	212	83.41	1,803,657.84
Transitional Employment Services	Day	9	212	83.41	159,146.28

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Waiver Year: Year 3					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Transportation	Trip	50	208	10.00	104,000.00
Vehicle Modifications	Item	3	1	12,442.00	37,326.00
GRAND TOTAL:					\$12,191,149.90
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)					500
FACTOR D (Divide grand total by number of participants)					\$24,382.30
AVERAGE LENGTH OF STAY ON THE WAIVER					354

Waiver Year: Year 4 (only appears if applicable based on Item 1-C)					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Assistive Technology and Services	Item	5	1	1,050.36	5,251.81
Behavioral Support Services:					135,000.00
<i>Assessment</i>	Assessment	14	1	1,200.00	16,800.00
<i>Consultation</i>	30 minutes	46	26	75.00	89,700.00
<i>Brief Supports Implementation</i>	30 minutes	30	19	50.00	28,500.00
Community Development Services	Day	10	150	104.77	157,155.00
Day Habilitation Services	Day	111	212	104.77	2,465,447.64
Employment Discovery & Customization	Day	3	10	104.77	3,143.10
Environmental Assessment	Assessment	5	1	445.68	2,228.40
Environmental Modifications	Item	5	1	6,543.94	32,719.71
Family Caregiver Training & Empowerment Services	Training	43	1	611.00	26,273.00
Family & Peer Mentoring Supports	Hour	109	5	57.54	31,359.30
Individual & Family Directed Goods and Services	Items & Services	10	4	100.00	4,000.00
Medical Day Care	Day	21	176		

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Waiver Year: Year 4 (only appears if applicable based on Item 1-C)					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
				82.46	304,772.16
Participant Education, Training, & Advocacy Supports	Training	43	1	611.00	26,273.00
Personal Supports	15 minutes	440	2080	8.31	7,605,312.00
Respite Care Services:					323,868.60
<i>Hourly</i>	Hour	55	88	33.46	161,946.40
<i>Daily</i>	Day	55	11	267.64	161,922.20
Support Broker Services	Hour	12	104	49.37	61,613.76
Supported Employment	Day	103	212	85.08	1,857,806.88
Transitional Employment Services	Day	14	212	85.08	252,517.44
Transportation	Trip	55	208	10.00	114,400.00
Vehicle Modifications	Item	5	1	12,442.00	62,210.00
GRAND TOTAL:					\$13,471,351.81
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)					550
FACTOR D (Divide grand total by number of participants)					\$24,493.37
AVERAGE LENGTH OF STAY ON THE WAIVER					354

Waiver Year: Year 5 (only appears if applicable based on Item 1-C)					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Assistive Technology and Services	Item	7	1	1,050.36	7,352.54
Behavioral Support Services:					142,750.00
<i>Assessment</i>	Assessment	14	1	1,200.00	16,800.00
<i>Consultation</i>	30 minutes	49	26	75.00	95,550.00
<i>Brief Supports Implementation</i>	30 minutes	32	19	50.00	30,400.00

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Waiver Year: Year 5 (only appears if applicable based on Item 1-C)					
Waiver Service / Component	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Community Development Services	Day	15	150	106.86	240,435.00
Day Habilitation Services	Day	114	212	106.86	2,582,592.48
Employment Discovery & Customization	Day	5	10	106.86	5,343.00
Environmental Assessment	Assessment	7	1	454.59	3,182.13
Environmental Modifications	Item	7	1	6,543.94	45,807.60
Family Caregiver Training & Empowerment Services	Training	45	1	623.00	28,035.00
Family & Peer Mentoring Supports	Hour	113	5	57.54	32,510.10
Individual & Family Directed Goods and Services	Items & Services	15	4	100.00	6,000.00
Medical Day Care	Day	21	176	84.10	310,833.60
Participant Education, Training, & Advocacy Supports	Training	45	1	623.00	28,035.00
Personal Supports	15 minutes	480	2080	8.48	8,466,432.00
Respite Care Services:					
<i>Hourly</i>					360,327.00
<i>Daily</i>	Hour	60	88	34.12	180,153.60
Support Broker Services	Hour	14	104	50.36	73,324.16
Supported Employment	Day	104	212	86.78	1,913,325.44
Transitional Employment Services	Day	20	212	86.78	367,947.20
Transportation	Day	60	11	272.99	180,173.40
Vehicle Modifications	Trip	60	208	10.00	124,800.00
GRAND TOTAL:	Item	7	1	12,442.00	87,094.00
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)					\$14,826,126.25
FACTOR D (Divide grand total by number of participants)					600
AVERAGE LENGTH OF STAY ON THE WAIVER					\$ 24,710.21
					354

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